

2011-12 – 1st QUARTER STATUS REPORT – Chief Executive Officer (A. Stausboll)

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Quantitative Performance Measures

Total Fund Performance

Weight	Performance Measure	Incentive Schedule	1 st Quarter Status
5%	Return deviation in basis points relative to: Total Fund performance versus Total Fund benchmark {SJ1CA1 – CPERSTO2IC} *Cost-adjusted Benchmark	-13 basis points = 0 +13 basis points = 1.0 27 basis points = 1.5	+16 bps {(7.00) – (7.16)}

Qualitative Performance Measures *(All performance measures utilize standard Qualitative incentive schedule unless otherwise noted)*

Business Plan / Enterprise Objectives

Weight	Performance Measure
50%	By June 30, 2012, implement the 11 objectives set forth in the Board approved 2011-12 Business Plan, to achieve the enterprise priorities in the areas of Customer Focus, Leadership and Soundness, and Building Internal Strength.

1st Quarter Status:

Customer Focus

Completed readiness activities and launched first release of my|CalPERS on 09/19/2011.

Pension and Health Policy/Leadership and Soundness

Made significant progress on Health Benefit and Purchase Review project. Completed market scan and presented highlights to Board in July 2011. Surveyed stakeholders and presented results in September 2011. Board workshop scheduled for December 2011, with finding to be presented at January Board Offsite.

Partnered with several employers for Wellness Programs.

Launched Ambulatory Intensive Care Project in Humboldt County.

Realigned health care policy and research function to support demands of program.

Established new Retirement Research and Planning Division. Extensive engagement in pension reform issues.

Issued paper on vested rights in July 2011.

Issued California Economic Impact Report in July 2011.

Implemented enhanced information in annual public agency, school, and state actuarial reports.

Building Internal Strength

Developed web-based Working Values training program to be provided to all staff.

Arranged for Executive Diversity and Inclusion Journey (participatory training course), scheduled for October 2011 and January 2012 for senior management.

Developed and presented risk inventory to Board Risk Committee.

Developed Risk Intelligence training program to be provided to all managers and supervisors by 12/31/11.

Obtained passage of Chief Financial (CFO) legislation. Made significant progress in developing Financial Office in anticipation of recruiting and retaining CFO.

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Special Initiatives

Weight	Performance Measure
20%	<ul style="list-style-type: none">• Support the Board Governance project, develop an implementation plan for recommended changes, and provide support to the Board in making desired changes.• Other special projects as determined in conjunction with the Board.
<p>1st Quarter Status:</p> <p>In progress.</p> <p>Board Governance Initiative was completed on time and within budget. Final report was published in September 2011, Board adopted numerous recommendations, and implementation plan has been developed and is in progress.</p> <p>Initiated Board Governance Implementation team and established eight work streams. New Board committee structure will be implemented in February 2012. The committee delegations to support this structure are scheduled for a second reading in December 2011. New agenda templates/consent calendar process, new Board Governance Policy, and CEO delegation also scheduled for second reading in December 2011.</p> <p>Fiduciary training scheduled for February 2012, and additional Board workshops are scheduled throughout calendar year.</p> <p>3-5 year Strategic Planning Effort is under development. Kick-off scheduled for January 2012 offsite. Developed Strategic Issues calendar to assist in agenda planning. Numerous other projects to implement the Governance Reforms are underway.</p>	

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Executive Leadership

Weight	Performance Measure
15%	<p>Leadership: Acts in an ethical, honest and professional manner. Communicates a clear vision of CalPERS' mission and goals. Gains the confidence and commitment of others through enthusiastic expressions of support of the vision and values of the organization. Gains support for courses of action by sharing information, encouraging feedback, listening respectfully, and acknowledging individual concerns.</p> <p>Teamwork: Promotes teamwork and cross-functional collaboration and communication in support of CalPERS' strategic goals. Presents well-organized arguments that are issue-oriented, not personal. Resolves disagreements by first identifying common ground and then exploring differences. Shares credit for good ideas and acknowledges the contributions, creativity and abilities of others.</p> <p>Succession Planning: Participates in an ongoing succession planning program to assess the workforce and create strategies to retain and develop the skills of employees. Identifies training, development and knowledge transfer strategies to meet future workforce needs. Contributes to the enhancement of organizational competencies and skills by providing opportunities for individual staff development and improvement.</p> <p>Diversity and Inclusion: Demonstrates diversity and inclusion awareness and personally cultivates a positive work environment where the differences of all staff are recognized and valued. Leads strategies and approaches to increase the level of diversity within the CalPERS' workforce. Through personal example and leadership, fosters a climate where all are treated with dignity and respect.</p> <p>Executive / Board Relations: Effectively represents the enterprise at executive management meetings, stakeholder group meetings, and at CalPERS Board of Administration meetings. Prepares and/or directs the preparation of thorough and accurate Board agenda materials and provides sound technical consultation and appropriate recommendations. Makes clear and concise presentations to the Board of Administration and Board Committees on relevant issues.</p> <p>Business Planning and Fiscal Management: Leads the business planning process by establishing clear, measurable operational objectives which align with CalPERS' strategic Goals. Identifies resource requirements to support organizational priorities. Ensures cost-effective use of resources (i.e., operational expenses, equipment and staff resources) and contributes to the overall prudent management of CalPERS trust funds.</p> <p>Management of Risk: Ensures that policy and program decisions are made with consideration for potential financial, compliance, legal, security, operational, reputational, political, strategic, and other risks. Implements risk mitigation strategies. Gathers risk intelligence to support executive and Board decision-making.</p>

1st Quarter Status:

Leadership

Internal

Held Leadership Forum (8/23/11) for all managers and supervisors.

Held recognition events for staff including PSR event (8/23/11), Ice Cream Social for all staff (08/17/11), Executive Appreciation (8/31/11).

Spoke at numerous staff trainings and events, e.g. New Employee Orientation, Leaders Training, INVO Forum.

Ongoing and extensive communication with staff through CEO Mailbox, publications such as Keeping You in the Know, and other vehicles such as Executive Is In Booth.

Initiated 3-5 year Strategic Planning effort, to be formally kicked-off at the January 2012 Board Offsite.

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External

Co-chaired Ceres Board and served as member of Toigo Advisory Board.

Ongoing active participation in industry groups such as NASRA and NIRS.

CalPERS hosted several organizations and delegations, e.g. Czech Republic Delegation, New American Alliance.

Speaking engagements including presentation at U.S. Treasury Women in Finance Forum, interview with Institutional Investor Magazine, and interview with PBS News Hour.

Teamwork

Held weekly “Deputies” group meetings and bi-monthly Executive Staff Meetings on strategic and cross-functional issues.

Held other regular team meetings including PSR Executive Committee, Corporate Governance Working Group, Diversity Steering Committee, and Executive Risk Committee.

Succession Planning

Met with all direct reports to provide performance evaluation for 2010/11.

Met regularly with all direct reports to review key issues and provide feedback and support.

Launched formal mentoring luncheon series for senior staff.

Diversity and Inclusion

Arranged for Executive Diversity and Inclusion Journey to be held on October 2011 and January 2012 for all senior management (mandatory).

Regular meetings of Diversity Executive Steering Committee.

Executive / Board Relations

Weekly meetings with Board President.

Weekly written updates to Board on key issues.

Represented CalPERS at stakeholder meetings on issues including infrastructure, California Economic Impact Study, pension reform, and ethics.

Business Planning and Fiscal Management

Obtained passage of CFO bill; made significant progress in developing financial office.

Quarterly Executive Staff meetings to monitor progress on annual Business Plan.

Developed new tools for monitoring budget management.

Risk Management

Developed risk inventory and dashboard.

Added risk component to agenda items.

Developed risk training program to be provided to all managers and supervisors by December 31, 2011.

Executive Risk Committee established and meeting regularly.

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Management Drivers

Weight	Performance Measure
10%	<p>Achieve improvements in enterprise management during fiscal year 2011/2012 through fulfillment of the following initiatives:</p> <ol style="list-style-type: none"> 1. Maintain an average position vacancy rate of 5 percent or less. 2. Maintain a 90 percent completion rate for employee performance reviews (e.g., EPADs, probationary reports). 3. Ensure that all Form 700 Statements of Economic Interest are filed by scheduled employees in compliance with the legally mandated April 1, 2012 due date. 4. Ensure all scheduled employees complete the legally mandated AB 1234 ethics training course by June 30, 2012. 5. Ensure operational resources are managed within prescribed budget limits. 6. Resolve all outstanding audit findings within 12 months of receipt of audit report. 7. Lead the efforts to strengthen the organization's commitment to the principles of diversity and inclusion by conducting a minimum of two diversity and inclusion awareness sessions with direct reports and by completing the Executive Diversity and Inclusion Journey course. 8. Lead the efforts to reinforce the adoption of CalPERS' Core Values by conducting quarterly sessions with direct reports addressing the guiding behaviors emanating from the Core Values, and by spending a minimum of 2 hours per month on employee recognition.
1st Quarter Status:	
<p>In progress.</p> <p>Vacancy rate overall of September 30, 2011 was 7.8%. Excluding positions "on hold" for various reasons, rate was 7.2%.</p> <p>Organization is operating within budget limits established by the Board.</p> <p>Risk management training for all managers and supervisors scheduled for completion by December 31, 2011.</p> <p>As of September 30, 2011, there were 14 unresolved internal audit findings over one year old. We have made significant progress in this area; as of July 1, 2011, there were 24 unresolved findings, and as of July 1, 2010, there were 43 unresolved findings. However, there is still more to be accomplished.</p> <p>Executive Diversity and Inclusion Journey course schedule for completion January 2012.</p> <p>Led and participated in various employee recognition events.</p> <p>Developed plan to accomplish 5% reduction in consultant contract expenditures by 06/30/2012.</p>	